



COUNCIL ACTION SUMMARY SHEET

MEETING DATE: June 9, 2025

TOPIC Fee for Handling and Auditing of DDA Funds

BACKGROUND BRIEF:

Council is scheduled to consider adopting a resolution establishing the fee for the handling and auditing of DDA funds by Village administration. Section 228(2) of the Michigan Recodified Tax Increment Financing Act authorizes the Village Council to establish a fee for the handling and auditing of DDA funds and states:

125.4228 Budget; cost of handling and auditing funds.
Sec. 228.

(1) The director of the authority shall prepare and submit for the approval of the board a budget for the operation of the authority for the ensuing fiscal year. The budget shall be prepared in the manner and contain the information required of municipal departments. Before the budget may be adopted by the board, it shall be approved by the governing body of the municipality. Funds of the municipality shall not be included in the budget of the authority except those funds authorized in this part or by the governing body of the municipality.

(2) The governing body of the municipality may assess a reasonable pro rata share of the funds for the cost of handling and auditing the funds against the funds of the authority, other than those committed, which cost shall be paid annually by the board pursuant to an appropriate item in its budget.

The proposed resolution provides the basis upon which the reasonable fee is calculated and the services to be provided.

SUMMARY OF PREVIOUS COUNCIL ACTION:

None

FINANCIAL IMPACT:

The FY 2025-26 fee will be \$62,643 for the service to be provided in handling and auditing DDA funds. The Village Manager will calculate and recommend to the Council the proposed fee in future years based on the policy and methods established by this resolution. The fee has been programmed into the FY 2025-26 Village General Fund and the DDA operating fund.

RECOMMENDED MOTION:

To adopt the resolution assessing a reasonable pro rata share of the funds of the Lake Orion Downtown Development Authority for the cost of handling and auditing the funds of the DDA against the funds of the Authority pursuant to MCL 125.4228(2).